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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE COMPANY
FOR A HEARING TO DETERMINE THE FAIR
VALUE OF THE UTILITY PROPERTY OF THE
COMPANY FOR RATEMAKING PURPOSES,
TO FIX A JUST AND REASONABLE RATE OF
RETURN THEREON, TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP SUCH
RETURN.

DOCKET NO. E-01345A-08-0172

POST-HEARING BRIEF

Federal Executive Agencies (FEA), by and through the undersigned attorney, representing all Federal customers of Arizona Public Service Company, hereby submits the following post-hearing brief in the above-captioned matter.

I.

INTRODUCTION/FEA POSITION

Federal Executive Agencies has been involved in this proceeding to ensure that the interests of Federal customers of Arizona Public Service Company are duly represented. In that capacity, counsel for FEA participated in many of the settlement meetings, and joined the settlement as a signatory. Federal Executive Agencies offered testimony in the case; however, that testimony was general in nature, going to the FEA position that the settlement achieved just and reasonable rates and was in the public interest. Given the general nature of the testimony offered by FEA in this case, this post-hearing brief is similarly general in nature, going to the overall result and the FEA belief that the result is in the public interest. Federal Executive

Agencies defer to other parties who offered more specific testimony on particular aspects of the Settlement Agreement.

Federal Executive Agencies' objective in this settlement was to achieve just and reasonable rates for Arizona Public Service Company, consistent with the interests of APS ratepayers in a financially stable company that is able to meet its obligation to serve all APS customers. Additionally, FEA believes that during the settlement process the parties were able to discuss and agree upon several important items in addition to the recommended revenue requirement, and those items will further the goals of having a responsible utility company. Specifically, FEA believes that the performance metrics will go a long way toward ensuring responsible management of APS, and the promises of renewable energy deployment and demand side management achievement will strengthen APS's position related to the energy goals that are important to both the State of Arizona and the Federal government going forward.

The settlement discussions were thorough and each party had ample opportunity to advocate for specific items of interest. FEA believes that it is significant that a diverse group of twenty-two parties signed the settlement, and the one party who did not sign had a narrowly defined issue with which she differed from the settling parties.

An additional benefit of the settlement process was the establishment of specific provisions that were not included in the company's initial filing. Specifically, FEA is interested in the addition of a customer directed aspect of the demand side management program for large customers as well as the new interruptible rate that APS has promised to develop as part of the settlement, both of which are included in the settlement, but were not offered as part of the company's initial case. Federal Executive Agencies expects that these two provisions will benefit Federal customers, as well as other large customers, and their inclusion in the ultimate settlement was a product of the settlement process.

II.

CONCLUSION

Federal Executive Agencies believes that the Settlement Agreement submitted in this case strikes an appropriate balance between the financial needs of Arizona Public Service Company and the interests of the APS ratepayers, and further believes the Commission should approve the Settlement Agreement in its present form.

RESPECTFULLY SUBMITTED this 9th day of October 2009.

FEDERAL EXECUTIVE AGENCIES

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A copy of the foregoing was mailed/*emailed this
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